

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2013-386-W - ORDER NO. 2014-166
FEBRUARY 18, 2014

IN RE: Application of JACABB Utilities, LLC for)	ORDER GRANTING
Approval of an Expansion of Its Existing)	APPROVAL OF
Water Service Area to Include Certain)	EXPANSION OF WATER
Portions of Oconee County and Request)	SERVICE AREA AND
Approval of the Water System Asset)	WATER SYSTEM ASSET
Purchase Agreement with Harts Cove and)	PURCHASE
Tory Pointe Homeowners' Associations)	AGREEMENT AND
)	AMENDMENT

I. INTRODUCTION AND PROCEDURAL HISTORY

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of JACABB Utilities, LLC (“JACABB,” “the Company,” or “the Applicant”) for approval of the expansion of its water service area to include certain portions of Oconee County, South Carolina, and for approval of a Water System Asset Purchase Agreement (“the Agreement”) and an amendment to the Agreement (“the amendment”) between the Company and Harts Cove and Tory Pointe Homeowner’s Associations.

This matter was initiated on November 22, 2013 when JACABB filed an Application for approval of the matters stated above. See S.C. Code Ann. § 58-5-240 (Supp. 2013), 10 S.C. Code Ann. Regs. 103-704 (2013), and 10 S.C. Code Ann. Regs. 103-743 (Supp. 2013). This Commission granted a waiver of 10 S.C. Code Ann. Regs.

103-712.4 in Order No. 2013-873, since the Company planned to generally use already established rates and charges in the new portion of the service area

By letter dated December 11, 2013, the Commission's Clerk's Office instructed JACABB to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by JACABB's Application. The Notice of Filing described the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion in the proceedings as a party of record. In the same letter, the Commission also instructed JACABB to notify directly, by U.S. Mail, each affected customer and the County Administrator of the affected county. JACABB furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published in newspapers of general circulation covering the area affected by JACABB's Application. JACABB also provided the Commission a letter in which JACABB certified that it had complied with the instruction of the Commission's Clerk's Office to mail a copy of the Notice of Filing to all affected customers and the County Administrator by mailing a copy to the customers, owners, and tenants at the Hart Cove and Tory Pointe Development, and to the Administrator of Oconee County.

No Petitions to Intervene were filed in this case in response to the Notice of Filing. Pursuant to S.C. Code Ann. § 53-4-10(B) (Supp. 2013), ORS is a party of record in this proceeding. Further, ORS and JACABB are the only parties of record in the above-captioned docket.

The water service area for which expansion is sought in Oconee County includes multi-family residences, a clubhouse, pool, and outside irrigation and faucets in the Harts Cove and Tory Pointe Subdivision and is controlled by The Harts Cove Homeowner's Association and Tory Point Homeowner's Association ("HOAs").

The Applicant also seeks approval of an Agreement entered into between the Company and the HOAs, dated June 13, 2013, which is conditioned on approval by this Commission and by the South Carolina Department of Health and Environmental Control ("SCDHEC"), and the amendment to that Agreement. The Agreement provides *inter alia* that the HOAs will deliver and execute a Bill of Sale and all required easements to the Company for the Harts Cove and Tory Pointe water system. Approval of the Agreement will allow water service to be provided to the new service area by JACABB. The amendment allows the Company to charge each customer \$2.50 a month for billing the customers for sewer service from a third party.

Clemson University is authorized to serve the proposed service area and agreed to only serve the multi-family subdivision by means of a master meter. A Letter of Intent to Contract with the Company for continued delivery of potable water to the proposed service area was furnished to this Commission. The proposed contract rates for wholesale water will be based on Clemson University's cost from the original supplier and reasonable system-wide distribution costs by Clemson University and will not be any higher than that imposed internally at Clemson University.

JACABB requests that it be allowed to provide service in the proposed service area pursuant to the rates and charges for water set forth in its existing monthly rate

schedules as approved in Order No. 2008-697. In addition to this and the Agreement, the Company requests approval of the amendment to the Water System Asset Purchase Agreement that allows the Company to bill the customers in the proposed service area for sewer service and to charge a monthly billing fee of \$2.50 to each customer for this service. The sewer service is provided by Seneca Light & Water and is based on water usage from the master meter with one monthly invoice to the HOAs for sewer service.

JACABB states a belief that the public convenience and necessity will be served by the approval of the Application. The Company subsequently filed a Notice of Motion and Motion for Expedited Review, based on the fact that the Company intended to charge the water rates already in existence and previously approved by the Commission. The Applicant also filed verified testimony in support of the \$2.50 service charge that is requested. The Office of Regulatory Staff ("ORS") did not object to the Company's Motion. Under this procedure, no hearing is held, and the Commission examines the matter, based on the record of the case as filed. Since there is no objection, the Motion for Expedited Review is granted.

II. FINDINGS AND CONCLUSIONS

After review and consideration by this Commission of the Application and the evidence contained in the record of this case, the Commission concludes as a matter of law that the expansion of the Company's water service area into Oconee County, South Carolina, more particularly into the Harts Cove and Tory Pointe development should be approved. The Company has stated its intent to charge its already existing water rates

and charges in this new portion of its service area, and this is certainly just and reasonable, and should also be approved.

In addition, JACABB requested approval of an Agreement with the Harts Cove and Tory Pointe HOAs, which will allow provision of water service by the Company, and the charging of existing rates and charges for water to the new service area. The Commission's authority to approve such contracts is found in 10 S.C. Code Ann. Regs. 103-743 (Supp. 2013), which states in part that no utility shall execute or enter into any agreement or contract with any corporation that would impact, pertain to, or affect said utility's fitness, willingness, or ability to provide water service, including but not limited to the treatment of said water, without first submitting said contract in form to the Commission and the ORS and obtaining approval of the Commission. ORS does not oppose the Agreement's approval. We find that the Agreement and the amendment to that Agreement, which will allow water service to the desired areas and will allow the Company to charge a \$2.50 processing fee, respectively, should be approved.

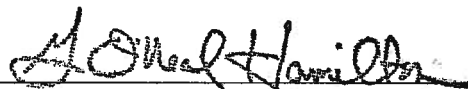
We further find that the public convenience and necessity will be served by approval of the requested expansion of the Company's service area using already established rates and charges for water service, and approval of the Agreement and amendment, including the allowance of the \$2.50 per month administrative fee as described above. We therefore approve the application and Agreement and amendment as filed.

IT IS THEREFORE ORDERED THAT:

1. The expansion of the Company's service area into Oconee County, South Carolina, specifically into the Harts Cove and Torey Pointe development is approved.
2. The use of water rates and charges for provision of water service in the new service area pursuant to those rates and charges approved in Order No. 2008-697 is approved.
3. An operating margin of 8.66% was approved for JACABB's water services by Order No. 2008-697. This shall continue as the approved water operating margin.
4. The Water System Asset Purchase Agreement is approved.
5. The amendment to that Agreement is approved, and the Company may charge \$2.50 per month per customer for billing the customers in the new service area for sewer services from a third party, specifically Seneca Light & Water.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


G. O'Neal Hamilton, Chairman

ATTEST:



Nikiya Hall, Vice Chairman

(SEAL)